

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

STARRED QUESTION NO:118

ANSWERED ON:02.05.2016

e-Commerce

Mahendran Shri C.

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the Government is encouraging e-commerce in the country;
- (b) if so, the details thereof along with the steps taken by the Government in this regard;
- (c) whether the e-commerce industry is currently facing many challenges/issues such as infrastructural problems, absence of cyber laws, privacy and security concern, payment and tax related issues, digital illiteracy and consumer psyche and virus problem; and
- (d) if so, the details thereof along with the remedial action taken or proposed to be taken by the Government in this regard?

Answer

???????? ???? ?????? ?????????????? (????????? ??????)(????????? ?????????? ??????????)

THE MINISTER OF STATE (INDEPENDENT CHARGE)
OF THE MINISTRY OF COMMERCE & INDUSTRY
(SHRIMATI NIRMALA SITHARAMAN)

(a) to (d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN THE REPLY TO LOK SABHA STARRED QUESTION NO. 118 FOR ANSWER ON 02.05.2016.

(a) & (b): To encourage investment in e-commerce sector, FDI policy permits 100% foreign investment under the automatic route in companies engaged in e-commerce provided that such companies would engage only in Business to Business (B2B) e-commerce. Further, an entity is permitted to undertake retail trading through e-commerce under the following circumstances:

i) A manufacturer is permitted to sell its products manufactured in India through e-commerce retail.

ii) A single brand retail trading entity operating through brick and mortar stores, is permitted to undertake retail trading through e-commerce.

iii) An Indian manufacturer is permitted to sell its own single brand products through e-commerce retail. Indian manufacturer would be the investee company, which is the owner of the Indian brand and which manufactures in India, in terms of value, at least 70% of its products in house, and sources, at most 30% from Indian manufacturers.

Recently, with the objective of bringing clarity on the FDI policy on e-commerce sector, the Government vide Press Note 3 (2016) (Annexure) issued on 29.03.2016 introduced Guidelines for Foreign Direct Investment (FDI) in e-commerce and clarified that 100% FDI under automatic route is permitted in marketplace model of e-commerce and FDI is not permitted in inventory based model of e-commerce.

(c) & (d): The Government undertakes consultations with Industry, Industry-bodies and other stakeholders to address the issues concerning e-commerce industry. However, no specific study has been conducted by the Government regarding challenges/issues being faced by e-commerce industry. Development of infrastructure in the country is the priority of the Government. The Information Technology Act, 2000 (21 of 2000) including amendments in 2008, deal inter alia with the issues relating to Cyber Security, privacy and security concerns. Payments for e-commerce activities are regulated by Reserve Bank of India. Tax related issues are governed by relevant Central and State statutes. The Government has launched Digital India programme with a vision to transform India into a digitally empowered society and knowledge economy.
